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NATIONAL POLICY AND ISSUES

SUMMARY OF FENG SHUNHUA SPEECH AT NATIONAL CONSTRUCTION CONFERENCE

Beijing JIANZHU [BUILDING CONSTRUCTION] in Chinese No 1, 1981, pp 1-5

[Summary of 19 December 1980 speech to the National Construction Conference by Feng Shunhua [7458 5293 5478]: "Conquer Difficulties with One Heart and One Mind in Order to Make Contributions to Carrying Out the Policy of Readjustment"]

[Text] At this construction conference, comrades from Beijing, Liaoning, Sichuan, Shanghai, Tianjin and Gansu have presented their experiences in creating all-round excellent projects, in carrying out an economic work responsibility system and in enlarging the right of self-determination. We all feel that this is very good. The experience of Liaoning forms a relatively complete set, involving a new development in experiences in creating all-round excellent projects and a tremendous breakthrough in improving the management and administration of construction enterprises. Liaoning has started on the track of using economic methods to manage its enterprises. Comrades from all localities have indicated that we must seriously study and popularize this experience. We all have also carried out a discussion on our work for 1981 in light of the new spirit of the Central Committee. Although the difficulties confronting us are numerous, everyone has a positive attitude.

Now I will state some of my views on construction work in 1980 and on our initial thoughts on work in 1981.

One

The production tasks for construction were fulfilled relatively well in 1980 with a rather great increase in every index. It is estimated that over 8.6 billion yuan in work was completed on their own by state-run construction enterprises, an increase of 15 percent over 1979. It is estimated that the area of completed work could reach 44 million square meters, up 11 percent over 1979. Of this, living quarters may comprise 21 million square meters, up 18 percent. The average labor productivity of all personnel may reach 5,000 yuan, an increase of 9 percent. There has been a marked improvement in project quality, with the quality goods rate 60 percent and above for most

provinces and municipalities. Cost reduction is estimated at 600 million yuan, an improvement of 20 percent or more over 1979. The amount of construction and installation work completed by construction enterprises which are collectively owned also increased and is estimated at perhaps 5 billion yuan.

Our work picked up in 1980. Leading comrades of the Central Committee of the CCP stressed many times that we must attach great importance to the role of the construction industry as a mainstay of the national economy. This gave tremendous inspiration to the construction workers. Under the leadership of the readjustment policy determined by the CCP Central Committee, all places have grasped readjustment and restructuring and sought out paths for doing things according to economic laws. The management of operations has become livelier and scope of production has been enlarged. As a preliminary and general summary there have been changes in four areas:

First, activities to create all-round excellent projects have gradually been promoted throughout the country, with heartening progress in quality and construction time. At the National Conference of Construction Bureau Heads in May 1980 our proposal that we study from the Beijing Municipal Construction Bureau received an enthusiastic response from all localities. The competition to create all-round excellent projects between Beijing, Tianjin and Tangshan was spurred on. All-round excellent creation competitions also unfolded between Shanghai, Nanjing and Hangzhou and between construction enterprises directly under some provinces. By now all of China's 29 provinces, municipalities and autonomous regions and six directly subordinate bureaus have created all-round excellent projects, a total of 4,070 between January and September with a total area of 7.4 million square meters. The excellence rate exceeded 40 percent in Beijing, Tianjin, Shanghai, Sichuan, Liaoning and Hunan.

The universal development of all-round excellence creation activities has effectively shortened the period of construction. In a sample of 98 completed unit projects in Sichuan, Henan, Hubei, Hunan, Shanghai, Beijing, Tianjin, Hebei and Heilongjiang, each project averaged 2,500 square meters and had a construction period of 210 days. The work period was 28 days shorter than in a comparable number of similar projects in 1979. In implementing their work period norms, some enterprises have made use of operations analysis [tong chou fa: 4827 4693 3127] and network diagrams to organize the construction of an apartment house with approximately 2,000 square meters and took only 3 to 4 months to build it.

The core of creating all-round excellence is the improvement of quality. The quality of projects in all areas has improved to differing degrees. Many provinces and municipalities have developed from paying serious attention to the quality of the main projects to heeding that of decoration and from stressing structural functions to stressing use functions. They have considered the interests of the consumers as much as possible and handed over the projects in a clean and tidy condition, with clear windows and clean floors, and with lights and water operating. Moreover they have instituted a system of periodic return visits and one-year guarantees. Tianjin, Beijing and

Gansu have also actively carried out comprehensive quality management and have based quality improvement on scientific management and mass management. Changes in project quality are a consequence of changes in thinking. They indicate that we have already turned from our past one-sided pursuit of work quantity and square meters to the correct track of placing quality first.

Another marked change brought about by the all-round excellence creation movement is an improvement in on-site management. Many units have made persisting in civilized construction into an important part of creating all-round excellence and have drawn up construction site management methods and standards for appraisal and inspection. At many worksites the layout is rational, materials are piled up in an orderly manner, the machines and tools are clean and tidy and the roads are unobstructed. This has improved the labor, work and living environment of the construction workers.

Second, carrying out a contract system and an internal economic work responsibility system [bao gan: 0545 1626] has brought about a great change in management thinking and style. Since 1980, in the course of probing into the restructuring of the economic system, the construction bureaus and directly subordinate engineering bureaus of the majority of provinces, municipalities and autonomous regions have actively carried out a system of contracts wherein the construction unit assumes responsibility for the construction period, the quality, materials and building costs and receives a reward for completing its work ahead of time and a penalty for delay. Contracts are also used to govern relations with goods and materials departments and with component and fittings prefabricating processing units, and in the general dividing up of responsibilities. From January to September construction enterprises in Liaoning Province signed 458 contracts for a total of 771 projects with a total building cost of 260 million yuan, one-half the annual work plan. In Zhejiang Province construction units signed engineering contracts for all new projects. By the end of October building enterprises had received over 100,000 yuan in bonuses for doing their work ahead of schedule. One consequence of the contract system is that it has effectively promoted improvements in the management of building enterprises. Construction has been organized rationally and every effort has been made to achieve good results in quality, construction periods and profits. At the same time it has played a forceful role in checking those phenomena which harm the interests of the state where the responsibilities of parties A and B are not clear and they wrangle with each other and in preventing those activities which are in violation of the sequence of capital construction, which pay no attention to science or economic results, which are directed blindly and which lead to random development.

At the same time that they carry out a contract system externally, many enterprises have internally adopted methods of work responsibility systems and "fixed guarantees" by each stratum. Liaoning and Sichuan did this early and well. They have used contracts to regulate the horizontal economic linkages between enterprises and the vertical economic linkages within

enterprises, used the assignment of economic responsibilities to promote the creation of all-round excellent projects, and concentrated all work within the enterprises on increasing economic effectiveness.

Some places have also made some new explorations into reforming the mode of management and assigned responsibilities for ordinary civil construction according to building costs per cubic meter. This has reduced the vocational burdens of the construction units and has provided us with a form for making the transition to turning construction products into commodities.

Third, enlarging enterprise rights of self-determination has blazed a path for enlivening management and for broadening the approaches to production. In May 1980 five ministries and commissions including the State Capital Construction Commission jointly promulgated some temporary measures on enlarging the rights of self-determination of construction enterprises. This provided us with a basis for enlarging rights. The development of this work has been relatively rapid in Sichuan and Liaoning, which have done a good job of arousing the enthusiasm of their enterprises and workers. The construction bureaus of Shanghai, Tianjin, Chengdu, Chongqing, Guangzhou and Kunming have also launched pilot projects in bureau-wide enterprised enlargement of rights.

The enlargement of their rights of self-determination has enabled the enterprises to begin to change from units which simply carried out construction work according to the plans of higher levels and which had unified revenue and unified expenditures into economic entities with internal motive power for development. When an enterprise has the right to determine its own production it may contract on its own to do some tasks and objectively a competitive situation is formed. The pilot enterprises have all brought into full play their own production capabilities, improved their management, striven to improve their reputation and obtained rather good economic results. In particular, mechanized construction, equipment installation and machinery repair units, in danger of suffering losses because of a severe shortage of work, contracted out in a number of areas, opened up new avenues of work and, basically speaking, have all increased their output and profits.

The enlargement of its rights has given an enterprise added vitality and has made its economic responsibility heavier. This has stimulated the enterprise to actively develop multiple and joint operations in order to tap its production potential thoroughly. Many enterprises have adopted a number of forms to carry out production of construction materials, construction products and commodities for foreign trade and operate trades such as services and food and beverages. Some staff and workers who were unsuited to one line of work have been suitably reassigned, and enterprise benefits have also increased. The construction bureaus of Tianjin, Liaoning and Anhui have also carried out joint operations with departments of light industry and textiles and of construction materials and have pooled their capital with them to run factories to produce construction materials

such as cement and glass. This shows how giving enterprises greater powers of decision making provides them with funds to develop production, promotes "one primary line of activity with joint operations," and increases the overall production capability of building construction enterprises.

Expanding enterprise decision making takes into account the interests of the state, the enterprise and the individual, provides enterprises with an internal economic motive force for development and offers the economic conditions for improving the livelihood of the staff and workers. In particular, the various provincial and municipal construction bureaus have made plans to use their own funds to do a relatively good job of solving the urgent problem of housing for the vast majority of workers and staff within 3 to 5 years. Some places are also using their own funds to build hospitals, schools, nurseries and the like. Clearly, this way of doing things enjoys immense popular support and is also beneficial to the consolidation and development of our building trades.

Fourth, in keeping with the requirement of readjustment that we build on our strengths and make up our weaknesses, we have improved the adaptive capability of the construction contingents. With the shift in the direction of state capital investment, civil building construction has increased, the construction of high-rise buildings has increased and scattered project tasks have increased. It appeared that our ranks were quite unsuited to this shift in the areas of organizational structure, the types of work they were deployed for, our machinery and equipment and the technical and vocational level of our staff and workers. In order to solve this contradiction, each locality did a large amount of work aimed at its own weak links to bring about a tremendous change in the technical condition of our ranks.

The amount of civil housing to be built is large and it is urgently required. In order to meet these special needs, many provinces and municipalities, especially some large and medium municipalities have promoted industrialized building construction in keeping with local conditions. They have paid attention to research in the adoption of entire sets of technology which fit China's conditions. Building constructions such as bricking [qi kuai: 4265 1040], large shuttering [da mu: 1129 2875] and large plate [da ban: 1129 2647] have already been promoted to different degrees in various localities. In the process of popularizing them, the localities have manufactured or purchased the necessary tower cranes, exterior elevators, fixed steel moulds and the like, thereby improving our technical outfitting and raising the degree of mechanization of civil building construction. In order to make a breakthrough in the weak link of external ornamentation of large shuttering constructions, the Beijing Municipal Construction Bureau erected an exterior wallboard counterstrike [fan da: 0646 2092] production line and the Tianjin Construction Bureau made a new industrial technique of positive pressing of patterns in the exterior wallboard. These reduced the number of cumbersome hand operations and spared materials. Moreover it has explored a new path to solving the problem of insufficient kinds of work for finishing

buildings. Changzhou Municipality made use of a complete set of techniques for industrialized building construction. They are in the process of building a residential district with a total of 60 buildings and over 110,000 square meters. They began work in March and may have it all completed by the end of the year. This has demonstrated the advantage of the industrialization of building construction.

In order to change the structure of the kinds of work, improve the technical and vocational level and meet the needs of construction, building construction enterprises of various localities have taken the training of staff and workers to be a strategic task for them to handle. Statistics from 17 provincial and municipal construction bureaus and 4 directly administered bureaus show that over 4,100 technical, vocational and cultural training courses have been held this year with over 150,000 staff and workers participating in the study; 95 secondary technical schools and technical schools are already in operation with over 17,700 students; and 4,850 people are studying at the college level in television, night or correspondence schools. The various localities have also adopted various forms such as on-site teaching, comparing technical prowess, training "soldiers" at their posts and having masters lead disciples to pay close attention to training new workers. The inadequate situation with finishing work was improved and the technical level of the workers has been raised markedly. The improvement of the technical quality of the ranks is an extremely delightful outcome and has laid a base for present and future assumption of various kinds of building construction tasks.

As may be seen from the changes which I have just described, our construction work system has flourished in 1980. The work of all localities has progressed and a spirit of competitiveness and daring has manifested itself. Some places have taken great strides forward and have also tried to search out some new experiences. To put it briefly, I feel that we must take the creation of all-round excellence as our aim, a system of economic responsibility as our method and the broadening of powers of decisionmaking as the motive force in enlivening the enterprises economically, broadening the approaches to production and doing a good job of handling the welfare of staff and workers. We must strive to bring the strong points of our building trades into full play so that they serve a backbone role in the national economy. This is an important point in our experience.

Two

The condition of our nation's economy is quite good. Since the Third Plenary Session of the 11th Party Central Committee, industrial output value has continuously increased and the rural economy has become brisker with each passing day. Sales and purchases on the urban markets are both flourishing and the daily life of the people has improved. The serious imbalances in the national economy have begun to change for the better. Throughout the country a fine situation of stability and unity has appeared. Nonetheless, we must take note of the fact that some new problems have

appeared in the present development of the national economy. These are that financially we are running heavily in the red, there has been excessive issuance of money and prices have correspondingly continued to jump up. Viewed as a whole, the passive condition of China's economy has not made a fundamental turn for the better. Recently the Central Committee made a strategic decision on grasping readjustment firmly and stabilizing the economy and correctly pointed out that the central link to readjusting the economy is to solve the problem of the excessive scale of capital construction and the overextended construction front. Our construction work system must firmly carry out the strategic decision of the Central Committee and firmly endorse the cutback. If the difficulties become more numerous, we must overcome them. Now I will raise some points about the requirements for our work in 1981:

First, continue to unfold the movement to increase production while practicing economy centered on creating all-round excellence. The creation of all-round excellence is a tremendously important measure for construction enterprises to develop a movement to increase production while practicing economy, improve quality, shorten the construction period and transform the face of the enterprises. We definitely must grasp the central link of creating all-round excellence without letting up so as to develop the movement to increase production while practicing economy in our system in an even broader, deeper and more flourishing way. We must do all we can to ensure that all state-run building construction companies create their own all-round excellent projects. Advanced districts and enterprises must press onward towards historical record levels in quality and shortness of construction period, create their own brands and improve the reputation of the enterprises. Competition between enterprises in 1981 will become even more fierce. The most effective measure for strengthening the competitive power of an enterprise is to grasp the creation of all-round excellence properly and strive for short construction periods, good quality and low costs. Thus when we guide thinking, we definitely cannot permit a lowering of standards, slapdash improvisation or the making of showy but useless "flower racks." We must definitely guarantee the quality of structures and finishing projects, but at the same time we must exert great efforts to raise the quality of structural components and fittings and further pay serious attention to the use function of projects so that we really do take the consumer into consideration and have our work welcomed by the consumers.

We must further popularize the movement to create all-round excellence and on the basis of its continuous popularization we must adopt truly effective economic methods which are in keeping with the reality of the construction trade. Everyone thinks that the economic responsibility systems and fixed guarantee methods carried out in Liaoning and Sichuan are very good. In 1981, at the same time that we continue to study the experience of Beijing in creating all-round excellence we must popularize the study and promote the experience of Liaoning in contracting full responsibility by layers. Centered around promoting creation through such contracting, we must further give joint impetus to all-round quality management, on-site civilized

construction work, various kinds of basic work and scientific and technical work in the enterprises so that they blossom and bear fruit throughout the entire trade.

Second, forcefully raise the level of management in the course of readjustment. Looking at the situation in our building construction system the present management is backward, more prominently so even than our production technology. Every locality should take hold of the favorable opportunity provided by readjustment and earnestly expend a little effort to raise our level of management by a quantum step. In conjunction with spreading the creation of all-round excellence and carrying out responsibility contracting in 1981, we should implement on a trial basis "Some Stipulations on Construction Management" (draft) drawn up by the General Bureau and handle enterprise economic management in a down-to-earth manner in the following four regards:

One is the all-round implementation of a system of contracts. The building unit should contract for the labor, materials and cost of any project with suitable conditions. In 1981 there will be a high degree of centralization in capital construction. Acting according to the principles of unifying the arrangement of the plans and maintaining the sequence of capital construction, each locality should change from where building materials follow in the wake of investment to where they follow tasks and have the building materials departments supply the construction units directly, thereby simplifying purchasing, supply and adjusted utilization. Moreover it should as much as possible adopt the method of having producer and seller deal directly with each other, reducing the intermediate links and forcefully sparing unnecessary expenditure. No matter whether between construction units and building units or between building units and materials departments, economic responsibilities must be clearly delineated and rewards and penalties meted out strictly according to economic provisions.

Two is to actively carry out the method of total contracting out of civil construction costs according to the square meter. The problem of pricing of construction goods has not yet been solved and the macromanagement system has not been reformed. In the interim, adopting the method of total contracting costs according to the square meter is beneficial to changing the position of building enterprises as appendages to construction units, to getting rid of overelaborate budgeting and account settling formulas, and to thoroughly tapping the internal potential of the enterprises. We definitely must further sum up and perfect this experience and experiment with it, adopt it and popularize it in an even larger arena. We should also strive to adopt the method of total contracting by adding coefficients to budgetary estimates in industrial and major public building construction, or use the formula of calculating prices according to the unit amount of materials. Taking into account their conditions and possibilities, some large and medium sized cities must still actively commoditize building construction on a trial basis. The building enterprises, in conjunction with the relevant parties, contract in a unified manner to construct buildings and do a good

job of building a complete project. Then they offer it to sale to the state organs or enterprise or undertaking units according to the total cost.

Three is to continue to pay special attention to the pilot projects in enlarging enterprise rights of self-determination and consolidate and develop the results of such enlargement. The "Temporary Provisions on the Question of Enlarging the Rights of Self-Determination in Management of Large State-Run Enterprises" of the five central ministries and commissions must be carried out to the letter in the building construction enterprises of all localities. A positive attitude must be taken towards problems which occur in the process of its implementation and initiative must be shown in creating conditions for handling their resolution. Certainly no one can give up halfway. The experimentation with "replacing profits with taxes, independent accounting and responsibility for one's own profit and loss" cannot begin everywhere during the period of readjustment. It can only be carried out on a trial basis in a small number of districts and units which have the proper conditions.

Four is to genuinely strengthen economic accounting and pay close attention to reducing deficits and increasing surpluses. We must pay particular attention to conserving energy and the three kinds of materials and overcome all kinds of waste. We must arouse the broad masses of workers to be masters of their own destinies and to conduct their own financial transactions. With one hand we must open up new sources and with the other we must be sparing with what we have. We must carry out careful calculation and strict budgeting and pay attention to saving on all expenditures outlays. We must block and overcome extravagance.

Third, rely on self reliance and opening up new avenues to overcome holdups in work due to poor organization. Based on feeling out the conditions of the tasks, we must actively drum up projects and expand the scope of contract business. No matter whether a project is big or small or whether the conditions are good or bad, we must take it on actively and with initiative and strive to reduce or eliminate holdups due to poor organization. At present the poor repair of buildings in the cities is extremely prominent. Building management departments are far from capable of satisfying requirements. Many organs, enterprises and schools have no one responsible for building repair. We can organize mobile and flexible building repair teams to take on these tasks. Quite a number of industrial and mining enterprises have excavation and renovation items and overhauling tasks. We can call on them and actively solicit business. We are confident that if we just correct our management thinking and adopt a good service style, losses due to poor organization will be greatly reduced.

We must set ourselves in motion and carry out multiple and joint operations in a big way, widening the path we go on a little more. Centering around the needs of construction, the building construction enterprises of all localities ought to actively develop the production of building materials, construction equipment and building products, including improved hand tools, building hardware, water reducing agents, waterproof materials and decorative

surface materials. Enterprises with the proper conditions can also break through the administrative and trade boundaries and develop cross-trade joint enterprises, producing some commodities needed by the market. If there is a need on the market, there is a profit to be obtained. We have the management capability, so we must actively organize production and open up new financial sources. As long as we do not clash with the state plans or compete with key enterprises for raw materials, fuel or power, we must active actively and as much as possible strive to increase some economic benefits in order to make up for losses due to poor organization and to reduce government subsidies.

Fourth, treat the training of staff and workers as a major matter to be grasped in building up the trade. No matter whether a unit has plenty of construction work to do or if it is idle, it must treat the training of staff and workers as a matter of fundamental importance in building up the trade which must be given close attention. We must take thorough advantage of this opportunity, aim at the real conditions wherein enterprise management is backward, the technical level is low and personnel with different vocations are not combined into complete sets, distinguish the differences in cadres, vocations and kinds of work, adopt flexible methods of many kinds and do a good job of training in a planned and systematic way and in accordance with local conditions. In particular those units which have exerted themselves in every way possible but have not been able to find production outlets and so are idle must make even greater efforts to organize their staff and workers to conscientiously grasp the study of culture, vocational matters and technology. They definitely cannot combine no work with no study. We must inspire those cadres and workers who do not go in to study because of their lax thinking to raise their consciousness and place strict demands on them. We definitely cannot allow them to abandon their posts and not participate in study without sufficient cause.

It is especially important to do a good job of training leading cadres to let them master management. Following the expansion of enterprise decision-making power and the sharpening of competition, higher requirements have been made of enterprise management, but the professional capabilities of the leading cadres of most of our enterprises is quite inadequate to the demands of the situation and contradictions have correspondingly become more prominent. We must relentlessly exert a great amount of effort and strive to train all cadres of all types, including leading cadres, in rotation once during the period of readjustment. We must do all we can to form a good base as quickly as possible for making our leading groups younger, more specialized and more knowledgeable in order to raise the level of management in an all-round way and to meet even more arduous and complex tasks of the four modernizations.

Fifth, improve the leadership style and strengthen political and ideological work. The practice of many years shows that when the tasks are great, the ranks bear them well, but when the tasks are few, ideological problems increase and the ranks find them difficult to bear. At present it is

extremely important to pay attention to ideological education. Leading cadres must first have a correct work style, overcome bureaucratism and conscientiously do their own study. They must also rely on CCP and CYL members and veteran workers as their mainstay, promptly get a grasp of ideological trends and do a good and down-to-earth job of ideological education. They must carry out in-depth, painstaking and well-aimed education of the broad masses of staff and workers, enable everyone to correctly recognize the importance and necessity of readjustment, firmly believe in the correctness of the Party's line, strengthen their confidence in carrying out the four modernizations and become more resolute in overcoming difficulties. In particular we must educate the younger generation so that they understand the relationship between the interests of the whole and those of the part and between long-range and immediate interests. We must block and overcome various kinds of passive sentiments which may break out and do battle against anarchism and activities which violate the law or break discipline. We must promptly discover and praise good people and good deeds and set up advanced models and draw the attention of the masses to how to do a good job in their units' production and work.

At the same time that we strengthen ideological and political work, we must show concern for the livelihood of the masses of staff and workers and join the resolution of ideological and practical problems. Because building construction workers are on the move for many years, fighting first in the south and then in the north with numerous outstanding residential bills, the problem of "those who build the houses have no house to live in" is extremely pronounced. We should take a relatively large amount of money from the retained share of profits to build housing for the staff and workers. Each locality has some intentions in this matter. I hope they pay attention to carrying them out and not turn them into empty talk. We must exert ourselves to carry out various livelihood and welfare facilities for the staff and workers such as commissaries and nurseries. The masses have many practical problems in their livelihood. We must pay close attention to doing a good job with those things which should be done and which can be done. In particular, we should rapidly solve those problems which require little money and which have a large impact. We should also explain patiently and in detail to the masses about those things which cannot be done in a short period of time so that they know that we are not ignoring them.

In sum, all the staff and workers of our building system must keep in mind the entire nation, subordinate themselves to the larger situation, work with one heart and one mind and conquer difficulties so as to make contributions to implementing the readjustment policy of the Central Committee!

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NATIONAL POLICY AND ISSUES

EIGHT LIAONING BUILDING CONSTRUCTION MANAGEMENT REFORMS LISTED

Beijing JIANZHU [BUILDING CONSTRUCTION] in Chinese No 1, 1981, pp 9-10

[Article by Liaoning Province Building Construction Project Bureau: "Eight Reforms in the Management System"]

[Text] In 1980, on the basis of summing up its practical experiences and in concert with the forceful support of the leadership of higher levels and of the relevant departments, Liaoning's construction work system carried out province-wide economic contracting [bao gan: 0545 1626] system, producing a new transformation in the appearance of its enterprises. By the end of October, the plans for amount of work and labor productivity had been completed two months ahead of time. The area of work completed increased by 6.7 percent compared to the same period in 1979 and the labor productivity of all of the personnel increased by 14.1 percent. The high quality product rate of unit projects increased 17.7 percent and the accomplished excellence [cheng you: 2052 0327] rate of all-round excellent [quan you: 0356 0327] projects reached 42 percent. By the end of September the amount of profits realized had increased by 43.5 percent over that of the same period in 1979.

The main contents of Liaoning's economic contracting system are that the enterprises undertake total economic responsibility for state finances, for construction units and for matters within each enterprise. Through economic contracts, the various aspects and links of economic relationships which occur between enterprises are closely joined, rights, responsibilities and profits are combined and all work of an enterprise is focused on raising economic results. In order to meet the needs of economic contracting, the following eight reforms have been carried out in the management system.

One, division of profits has been changed into contracting for what is turned over to higher levels. Although the unified revenues and expenditures improved some after the "fifty-fifty" division of profits was carried out in 1979, the enthusiasm of the enterprises could still not be fired up completely. The Shenyang Municipal Construction Work Bureau carried out on a trial basis the contracting of financial profits transferred to higher levels. At the end of the year 1.5 million yuan were transferred up to the state according to the contracted quota, an increase of 36 percent over the

actual amount of profits transferred in 1978, while the share of the enterprises more than doubled. Acting on the practical experience of Shenyang, the province's construction work system carried out contracting for the profits to be transferred to higher levels in 1980, with the amounts contracted not to be changed for 3 years. The amount of profits to be transferred which was contracted for by enterprises of Liaoning's 12 municipalities and prefectures and those directly belonging to the province was 5.3 million yuan, 46.9 percent above the actual amount of financial profits transferred in 1979. In this way, state financial income was guaranteed while the enterprises made a stride towards becoming economic organizations with independent accounting and responsibility for their own profits and loss.

Two, construction agreements have been changed into economic contracts. In the past we signed construction agreements which did not have any economic binding force. The responsibilities of parties A and B were not clear, arguments broke out regularly and the building of some projects was delayed again and again. Now both parties, by signing an economic contract, together determine the duration, quality and cost of the work as well as the duties and responsibilities of each party. The building units are rewarded for completing the work ahead of time and are penalized for delay. If construction is affected by a delay in the supply of materials, the materials supply units compensate for the economic losses. When payments are arrears on project funds, party A is responsible for paying the interest. Everything is carried out according to the provisions of the contract. An investigation of 13 project examples in the province which involve the signing of economic contracts, compared with the same kind of projects which did not have economic contracts, shows that the average work period was reduced by one-fourth when the foundation is included and by one-sixth when it is not.

Three, the system of budgeting on the basis of working drawings has been changed into contracting according to costs per square meter. In the past the building units drew up a budget based on working drawings and first sent it to the construction units for their examination, then to the construction bank for its examination and approval. When problems arise in the course of construction which are not included in the expenditures standards, another visa is required with numerous and complicated procedures and regular wrangling. Now most civil housing projects in the province have contracted costs according to the square meter with all the contracting done at one fell swoop. This has simplified the procedures for budgets and final accounts and stimulated enterprises to strengthen their management and change their management style. Even though the contents of contracting costs according to the square meter are still not perfect enough, it is a first-stage form in the transition of construction goods towards commoditized production.

Four, the reimbursement of materials for what one spends has been changed into supply according to fixed norms and contracted utilization. This year in province-wide civil housing projects the "three materials" allocated by

the state and materials such as glass, asphalt felt and asphalt controlled by the province have been supplied according to fixed norms and with utilization contracted. No supplement has been made for excessive use and anything which is saved belongs to the contracting unit. Now materials are requested according to standards and there are limits on the amount of materials used. Frugality in materials has begun to be the standard practice.

Five, directive planning has been changed into a joining of indicative planning and enterprises doing their own job contracting. In the past the provincial and municipal construction work bureaus passed down plans to the enterprises with excessive centralization. Now, except for key project plans which are passed down, the enterprises are empowered to compete on their own for job contracts. At the beginning of 1980 it was estimated that the province's six installation enterprises would not have enough to live on. Once the enterprises had the right of self-determination they went everywhere hustling up business. By the end of September, not only had they not suffered a loss, but they had over 3 million yuan in profits.

Six, controlling the total amount of the wage fund has been changed into contracting according to coefficients. In the past the wage total was controlled according to the number of people. The wage fund was divorced from the fulfillment of enterprise tasks or the realization of profit. This put a brake on the enthusiasm of the enterprises and their staff and workers. Now the enterprises of Shenyang, Liaoyang and Jinzhou Municipalities and those directly under the province have changed to contracting wage coefficients according to each 100 yuan of work. In this way the wage fund is closely linked to the amount of tasks completed. This has promoted production, heeded the accounting of manpower expenditures and begun to transform the situation where the wage fund was universally overspent.

Seven, earmarked enterprise funds have been changed so that they are used in a pooled manner. In the past funds were earmarked, binding the enterprises so they could not move. Things which ought to have been carried out could not be done. This fettered the development of the forces of production. Now the renovation fund, the major repair fund, the welfare fund, the enterprise fund and retained profits have been pooled and adjusted and used together for matters which are urgently needed for production or to carry out welfare enterprises. This has provided the enterprises with the financial power to develop multiple and joint operations.

Eight, the administrative direction by construction building donghao [2767 714] foremen has been changed into a squad economic contracting responsibility system. The building donghao is the basic production unit of building enterprises. In the past the supervisor only directed building operations and bore no economic responsibility. Now the donghao squads have set up "one foreman and four workers" or "one foreman and six workers" and contracted for unit projects, carried out accounting according to unit projects and brought economic responsibility right down to the site, enabling enterprise production and economic work to have a reliable base.

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NATIONAL POLICY AND ISSUES

SHENYANG'S BUILDING CONTRACTING FORMS DESCRIBED

Beijing JIANZHU [BUILDING CONSTRUCTION] in Chinese No 1, 1981, pp 10-11

[Article by Shenyang Municipal Building Construction Project Bureau: "The Three Forms of Economic Contracting"]

[Text] In order to boost production and enliven the economy, our bureau has carried out repeated investigations, studies, measurements and calculations and taking the contracting of the wage fund as our point of departure have carried out level-by-level economic contracting. For the past two years we have obtained some initial results. There are three main forms of economic contracting:

The first kind is to contract with the state concerning the amount of profits to be transferred upward and to contract for the wage fund. Acting according to the level of profits realized in past years and the conditions of the tasks of the period of readjustment of the national economy and after making decisions through consultations with the relevant departments, beginning in 1979, the annual amount of profits to be transferred was fixed for three years at 1.5 million yuan. Losses are handed over accordingly and amounts above the quota are retained. The contracted wage fund coefficient is set and not changed once a year according to the tasks undertaken that year and labor efficiency conditions. Overspending is not made up. In 1980 wages were contracted at 17.5 yuan per 100 yuan of work. This way of doing things has resulted in stabilizing the financial income of the state while the enterprises have obtained even more economic benefits. Overspending of the wage fund has also been controlled.

The second kind is for the building units to contract with the construction units for unit housing projects according to the cost per square meter and at the same time to contract for the "three building materials."

In contracting for housing projects according to the costs per square meter, distinctions are made between the three kinds of structures, "brick and concrete," "inside pour [concrete], outside lay [bricks]" and "inside board, outside lay." Then, according to the standard drawn up by the province and the municipality, at plus or minus zero and above, a contract is signed with

the construction units according to costs per square meter. Because of the complexity of geological conditions, it is not easy to contract once and for all with foundation projects, but final accounts are done nonetheless on the basis of the budget. At present price fluctuations for various kinds of materials are quite great so that materials can only be contracted according to quantity, not price. After contracting is done according to costs per square meter, price differences in materials are still borne by the construction units.

Contracting for the "three building materials" is done in keeping with the present management level and materials quality as well as with the actual consumption of the "three materials" per square meter for past years in civil housing projects. Quotas are drawn up on these bases for the amount of materials to be received and once and for all contracting is done with the construction units. If the norm is too high, materials are not returned, and if it is too small, no supplement is given. Materials within an enterprise are "supplied according to quota and utilized according to contract." The ten kinds of materials which are allocated by the state, managed by the ministries, controlled by the province or balanced by the localities are included in a one-time materials supply plan which is drawn up according to the budgeted building quotas. They are fixed once and for all and are supplied to the donghao [2767 5714] in batches. The latter are rewarded for frugality and penalized for waste.

On the basis of contracting costs by the square meter and "three materials," the building units sign reward and penalty contracts with the construction units. These contracts contain "four fixes" (predetermining the work period, quality, consumption and costs). This is done to solidify and clarify the form of contracts between the two parties for their responsibilities, authority and benefits.

The third kind is where level-by-level contracting is carried out from the bureau to the company, from the company to the project team, from the project team to the donghao and from the donghao to the crew. This is done while taking into account the different economic and technical targets and the rate of economic expenditures on the various items.

The bureau carries out "eight contractings and six fixes" with the construction and installation enterprises. The "eight contractings" means to contract on the eight main economic and technical targets which are examined by the state. The "six fixes" are to predetermine the profits to be transferred to higher levels, personnel staffing, depreciation funds to be transferred to higher levels, renovation funds, internal capital investment and the wage fund.

The construction and installation enterprises carry out "eight contractings and six fixes" with the project teams. The "eight contractings" are to contract the eight economic and technical targets. The "six fixes" are of profits to be transferred to higher levels, personnel staffing, depreciation

funds to be transferred to higher levels, wage funds, construction management expenditures to be transferred to higher levels and the welfare funds.

The project teams carry out "six fixes and six guarantees" with the donghao. These are to predetermine and guarantee the direct expenditures in the construction budget, the work period, the first-class goods rate of project quality, safe production, worksite tidiness and lowering the cost rate.

The building donghao carry out "four fix and one reward" with the crews. These predetermine the work period, the quality first-class goods rate, the work efficiency and the consumption of materials and reward frugality.

The bureau carries out "eight contractings and six fixes" with the structural component companies and the materials supply stations. The "eight contractings" are for production, quantity, variety, fuel materials and power consumption, labor productivity, cost reduction rate, the condition and utilization rates of machinery and output value fund share. The "six fixes" are the same in content as those with the construction and installation companies.

Once the various targets of the level-by-level economic contracting have been determined, the bureau signs one-time annual or semiannual economic contracts with the companies and the companies sign the same with the project teams. The project teams sign unit project one-time contracts with the donghao. The donghao sign "four fix and one reward" contracts with the crews according to the types of division of labor of building tasks or by dividing the projects into portions and items.

The main point in our carrying out economic contracting is to target our product, that is, building structures, take the six targets of creating all-round excellence as our content, carry out a responsibility system where the donghao manages the small crews, join contracting and creation and guarantee creation with contracting. Since we have carried out economic contracting, the quality of projects has increased, the pace of construction has accelerated, enterprise economy has been enlivened and production has developed. By the end of November 1980 the bureau had completed in an all-round way the annual plans for amount of work and surface area of construction completed and had transferred the contracted amount of profits to higher levels. It is estimated that by the end of the year the accomplished excellence [cheng you: 2052 0327] rate for completed projects may reach 67 percent, enterprise profits may be 33 percent above 1979 and the amount of work completed and the area of work completed will be 26 and 11 percent respectively above the 1979 levels.

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NATIONAL POLICY AND ISSUES

'RENMING RIBAO' EDITORIAL ON DIVERSIFIED ECONOMY

HK201512 Beijing RENMIN RIBAO in Chinese 11 May 81 pp 1, 5

[Editorial: "Developing a Diversified Economy Depends on Two Initiatives"]

[Text] Agriculture is an enormous production system. Nature is a storehouse of rich material resources. In order to make use of natural conditions including mountains, rivers, farmland, soil, grassland, forests, beaches and marshes, to exploit and use all kinds of natural resources, to develop agriculture, forestry, animal husbandry, sideline production and fishery, and to expand production of grain, cotton, oil, fiber crops, silk, tea, sugar, vegetables, tobacco, fruits, medicinal herbs and other non-staple crops, it is imperative to give full play to the initiatives of both the collectives and the commune members. To achieve this goal, it is necessary to make overall plans, take all factors into consideration and practice division of work and coordination. It is also necessary to let the collectives undertake the production tasks which can be better run under unified management and let individual commune members or groups of commune members undertake the production tasks which can be better run under decentralized management. Moreover, it is necessary to directly link the efforts and profits made by these collectives, individuals or groups through their management, so that the rural diversified economy will prosper.

Under the party's leadership over the past 20 years and more, China has adhered to the socialist orientation, abolished exploitation and eliminated the contradictions arising from exploitation, and organized the peasants to develop production, thereby demonstrating the great superiority of the rural collective economy. Although we have been influenced by the leftist ideas for a considerably long period of time and taken a tortuous path, we have developed the collective economy to a great extent, laid a relatively strong material foundation and accumulated rich experiences. In order to develop a diversified economy, we must primarily depend on the strength of the collective economy, give full play to the superiority of the collective economy, unify the management of major production projects in a planned way, and organize and support commune members' individual economy under proper leadership. In this way, the collective economy and individual economy can be integrated, each contributing its best to developing and enlivening the socialist rural economy.

To develop a diversified rural economy, it is first of all necessary to make overall plans and all-round arrangements. As far as a locality or a commune is concerned, doing a good job in natural resources surveys and regional agricultural planning should be regarded as a precondition for guiding agricultural arrangements and developing a diversified economy. Attention should be paid to the mutual conditioning, mutual dependency and mutual promotion of relations between the various sectors.

The present internal disproportions of agricultural production should be corrected. The natural ecological balance should be maintained. As far as a production unit, particularly a basic accounting unit, is concerned, it is necessary to have a clear understanding of the local production conditions and habits in order to adapt measures to local conditions and to do things according to local capabilities, to clearly set down what is the principal item and what is secondary, what should be done first and what next, and what should be placed under unified management and what should be developed on a decentralized basis while developing a diversified economy. If we blindly seek development regardless of resources, manpower and economic conditions, without taking market demands into consideration and pay no attention to economic accounting, it will result in wasting resources, manpower and money, cause losses and dampen the enthusiasm of both the collective and individuals for developing a diversified economy.

In order to give full play to the initiatives of both the collectives and individual commune members to develop a diversified economy, an important link is to correctly handle the relationship between the state, the collectives and the individuals. Since the third plenary session and under the leadership of the party's principles and guidance, we have cut down the practices of egalitarianism and indiscriminate transfer of resources, of shifting responsibilities, of interfering with the decisionmaking power, and of setting excessive or insufficient quotas for agricultural sideline products in the rural collective economy. The peasants have been happy with this. However, as the pernicious influence of the leftist ideology has not been eliminated, the peasants' interests have often been infringed upon and due respect has not been shown for the decisionmaking power of the basic accounting units in the collective economy. This is essentially a restriction and suppression of the rural productive force. We must thoroughly correct this. A circular issued by the party Central Committee and State Council says: "If we do not give priority to and earnestly solve the problems of feeding and well-being of the 800 million peasants, if we only plan to purchase more agricultural sideline products which are in great demand in the cities and if we forget to try every possible means to help these peasants produce more such products, we will be killing the goose that lays the golden egg. Then, we will be unable to talk about the development of the modernization program." This clearly shows that in order to get more from the rural areas, we must first of all support the peasants' development of production and earnestly increase the peasants' benefits. In handling the relationship between the state and the collectives, we must adhere to the principle of exchange at equal value and working according to economic laws. We must change the practice of excessive and rigid control and bring into harmony the production teams' decisionmaking rights, the peasants' initiative, and the requirements of state economic plans. We must also sign purchase contracts with production teams; while the production teams should guarantee to fulfill tasks set by the contracts, they should have the right to make flexible arrangements themselves about the growing areas of different crops and the right to handle their surplus products. In this way it is possible to further arouse the enthusiasm of the collective economy for diversification and enlivening of the rural economy.

In the rural areas, there are abundant natural resources and broad production avenues. There are many production items which are suitable for decentralized management and manual operations. The surplus labor force in the rural areas is increasing. Thus, we must give full play to the initiative of individual commune members and develop a diversified economy. On the one hand, under the unified management of

of production teams, it is necessary to sign contracts for specialized production, practice the production responsibility systems in connection with output and reward, and organize various teams, groups, households and workers specializing in a particular line of production in order to tap the technical potentials of commune members. On the other hand, if an undertaking under the unified management of the collective is suitable for commune members to undertake, we should without any hesitation let peasants' families do it. We should encourage and support commune members engaging in service trades, handicrafts, cultivation of crops, breeding, transport and marketing on an individual or partnership basis. In this way, part-time and auxiliary workers can fully play their role while scattered, fragmentary material resources will be fully and rationally utilized. In this way, all families will get mobilized, every individual's speciality will be put to use and all material resources will be well utilized and preserved. This in fact will lead to the liberation of the labor force, natural resources and productive forces and will create huge public wealth.

In areas where the fixing of farm output quotas for each household is not practiced, we should consider the local situations in order to properly expand family plots and fodder plots, with the maximum area of both plots being set at 15 percent of the total farmland of the production team. Except during the busy farming season, we should exempt some part-time and auxiliary labor from collective work to let them devote themselves to family sideline production. This is an important policy designed to arouse individuals' enthusiasm.

Practice has proved that cultivation in family plots has been intensive and production level has been relatively high. Products obtained from family plots and household sideline production constitute an important source of agricultural sideline products for both urban and rural markets. Facts show that properly expanding family and fodder plots yields many benefits: 1. It can put auxiliary labor to use and, moreover, it is an effective way to absorb surplus rural labor; 2. It can expand diversified economy and increase the varieties of agricultural and sideline products to meet the diversified demands of the people in both urban and rural areas; 3. It can improve the peasants' technical specialities, popularize their skills and experiences and thus raise the level of the diversified economy of the collective; 4. It can increase peasants' income. In localities where commune members' income is low due to an underdeveloped collective economy, the development of family sideline production and family plot production is a particularly effective way to solve people's livelihood problems and set their minds at ease. 5. It can alleviate the effects of natural disasters and enable people to maintain grain and other reserves in their homes and to live stable lives. A convincing proof of this is that, although natural disasters affected large areas of China in 1980, people did not have to flee those areas; there have been sufficient goods at village fairs and grain prices have been stable. Therefore, it is an important task in rural areas at present to implement the policy of expanding family plots and fodder plots according to local situations and in view of commune members' opinions. However, we should not demand uniformity everywhere. At the same time, we should make it clear to the peasants that they can only use the family plots (including plots of hilly slopes for personal needs) and the plots that they contract to farm, that they cannot transfer, lease or sell those plots to others, nor can they build houses, tombs, mines or brick kilns on these plots.

Now, the peasants' initiative has been mobilized for developing a diversified economy. However, due to differences in their technical levels and in their efforts, there are differences in their incomes and there is competition in production. This is a reflection of the principle of distribution according to work and is a normal phenomenon. These differences constitute a motive force. Competition promotes production. This is a good thing. If we regard this as the capitalist polarization, impose restrictions upon it and attack it, we will be gravely mistaken. We must remember the harsh lesson on the harm done by leftist ideological guidance. By engaging in egalitarianism and "eating from the same big pot," those who work more would not be able to earn more and those who work less would not earn less. This would be, as the peasants have criticized, "the poor people's politics, the lazy-bones' politics, the poorer the happier and the lazier the more comfortable." This would completely dampen the peasants' initiative for developing production. Under the premise that the means of production is owned by the people it is natural in a socialist economy for the peasants to increase their income by relying on their own skills and diligence to develop family sideline production and family plot production without exploiting others. This is beneficial to both the country and the people and how can we call it "polarization?"

Enthusiastically developing a diversified economy in the rural areas will promote the all-round development of agricultural production and help the rural economy to prosper. This is a major matter which is vital to the personal interests of 800 million peasants. The peasants have great initiative. As long as we give full play to the role of the initiatives of the collectives and the individuals, we will continue to achieve good results in diversification.

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ECONOMIC PLANNING

BRIEFS

ENTERPRISE MANAGEMENT MEETING—The China Enterprise Management Society and the Tianjin Enterprise Management Society recently held a meeting in Tianjin to discuss providing advisory services for better enterprise management. Responsible persons of the economic commissions and societies in Beijing, Shanghai, Tianjin, Liaoning and Guangxi attended the meeting. The advisory service is intended to train experts in enterprise management, use scientific methods to investigate facts about present enterprise management and propose measures for improving enterprises. The China Enterprise Management Society has entered into cooperation with many foreign corporations and organizations. [Beijing Domestic Service in Mandarin 0400 GMT 23 May 81 OW]

CSO: 4006/331

FINANCE AND BANKING

BRIEFS

TIANJIN CURRENCY WITHDRAWAL--In the first quarter of 1981 Tianjin Municipality withdrew 90.49 million yuan of currency from circulation, a record. This can be attributed to the increase in commodity sales, incomes of service trades and savings deposits of rural commune members. In the first quarter, commodity sales reached 843 million yuan, a 17.7 percent increase over the corresponding 1980 period and the income of service trades was 74.86 million yuan, a 9.5 percent increase over the 1980 figure. At the end of March, rural commune members' savings were 53 million yuan more than the beginning of 1981 and 12 million yuan more than the corresponding 1980 period. [Tianjin City Service in Mandarin 1430 GMT (??) May 81 SK]

GUANGDONG FINANCIAL REVENUE--In the first 4 months of this year, the people in Guangdong fulfilled 1,403 million yuan of financial revenue, an increase of 8.64 percent over the corresponding period of last year, accounting for 35.96 percent of the total income of the province for the whole year. From January to April 1981, industrial production in Guangdong continued to increase, while commercial purchasing and marketing were both thriving. The total value of industrial production increased by 10.55 percent over the corresponding period of last year. Production of light industry alone increased by 16.89 percent over the corresponding period of last year. Sugar output earned 15 million yuan. [Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 11 May 81 HK]

HENAN TAX EVASION CIRCULAR--To ensure a balance of financial revenue and expenditure in Henan Province in 1981, on 11 April the Henan provincial procuratorate and the provincial financial department jointly issued a circular, demanding that their subordinate units step up investigating and dealing accordingly with people engaged in tax evasion and strike blows at the crimes of violating the law in the economic sphere. The circular points out that in the revenue work of the province, the phenomena of replacing law with power and failing to act in accordance with the law is fairly universal and the criminal activities of violating the law and tax evasion are very serious. The circular demands that organs at all levels of the procuratorate and financial and revenue departments clearly understand the situation, take effective measures and closely coordinate with one another to strike severe blows at the criminal activities of violating the law in the economic sphere. [Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 13 May 81 HK]

INDUSTRY

'RENMIN RIBAO' ON DEVELOPING ELECTRONIC INDUSTRY

HK201003 Beijing RENMIN RIBAO in Chinese 14 May 81 p 1

[Editorial: "Do a Good Job in Readjustment, Develop the Electronic Industry"]

[Text] The electronic industry has close connections with all sectors of the national economy. The combination of electronic products and electronic technology with mechanical products and mechanical technology is an important mark of the modernization of the national economy. With the development of the national economy, the demands of the industrial, agricultural, scientific, technological, national defense sectors and other sectors are ever-growing and the needs of electronic products in the sphere of the people's lives is also gradually increasing. Doing a good job in the electronic industry has great significance in providing impetus for the development of the national economy, satisfying the needs of the people's lives and ensuring the realization of the country's four modernizations.

Because of a series of measures adopted by the state in the past few years, the electronic industry, especially the production of electronic products for daily use has developed relatively fast. The quality of television sets, radios, recorders, and so on has been improved to a certain extent and the increase in quality has been great. However, because economic work has been affected by "leftist" ideas for a long time and because of faults and mistakes in our work, an irrational structure in the electronic industry is still very serious. Even now, it is still a weak link in the national economy. A great deal of readjustment work is needed to ensure the production of military electronic products, to increase electronic products for daily use, to develop electronic products for the means of production, to develop electronic products for science, education, culture and social management, to increase export of electronic products, to establish a rational product structure, organizational structure and technical structure and to meet the needs of the country's four modernizations and the needs of the domestic and foreign markets. At present, we must grasp firmly three things: first, grasp firmly as the key point the production of parts and devices; second, we must integrate properly scientific research with production and achieve results from scientific research; third, we must do a good job in readjustment and reorganization and take the road of merger.

Backwardness in the production of electronic elements and devices is an outstanding problem in the electronic industry. The quality of many electronic parts and devices is low and their prices are high. Quite a lot of key parts and devices cannot meet the needs of forming complete sets in the electronic industry and in relevant sectors.

Electronic parts and devices are precision products different from ordinary products. We cannot use traditional experience alone to handle this problem. We must make use of the modern branch of science known as "quality control." We must study and make sure of this branch of science before we can produce products which are up to the mark. Parts and devices are basic products of the electronic industry. If basic products are not good, it is similar to pathological changes occurring in the cells of the human body which will lead to pathological changes of the whole body. Therefore, doing a good job in the production of parts and devices is the key link in the current readjustment of the electronic industry.

Many sectors have criticized the limited varieties of electronic parts and devices and their poor quality. Departments of the electronic industry must try hard to produce high quality products and should not stop until the goal is reached. We must vigorously grasp the production of products in short supply and key parts and devices as well as parts and devices which we have not yet been able to produce. Key parts and devices are very important. Very often the increase of a key part or device means the increase of a whole set of machinery and an additional new product. Leading personnel should follow the example of doctors making their rounds among sick-rooms and should find out about new situations and solve problems in good time. They must do a solid job in promoting the production of parts and devices.

The electronic industry is a newly emerged industry which needs a high level of knowledge and skills. If technology is developed rapidly, old products will be rapidly replaced by new ones. In countries where technology is highly developed, electronic products are usually replaced by a new generation of products in 4 or 5 years. The replacement of electronic products by new generations in our country is slow. Some products have been produced under "the system of making no change in 10 years." The slow development of electronic products is the result of backwardness in scientific research in the electronic industry. In order to change this situation, we must put scientific research in the most important place. In developing new products, we must adopt the policy of improving the existing generation, developing the second generation while planning for the third generation. We must do work on "three generations" simultaneously so that scientific research will be an important force in raising the quality of electronic products and in speeding up the replacement of one generation by a new generation.

Some people use samples of new products developed in our country as examples to show that the level of scientific research in some electronic products is not low and that some products equal foreign products of the same kind in quality. Such a viewpoint is not correct. The ultimate goal of scientific research is to promote the development of production in order to satisfy the needs of the people. We should never be content with the success in developing some samples of new products. The setback of being out of line with production and social needs exists in scientific research in our electronic industry. There are many branches within electronic scientific research. They should serve different purposes but they should mainly serve the first line in production. In particular, they should work to solve crucial problems which affect major economic interests in production and should work to produce inexpensive high quality products. We should not ignore basic study, but most of the problems studied should be problems of an applied nature and of production technology. We should carry out work in exploring new fields, but we should pay special attention to studying production technology which already exists in the

world and which suits the production technology of our country. We should resolutely implement the policy of scientific research serving electronic industry production, give full play to the creative spirit and gradually raise level of research work on the basis of application.

At present, we should mainly do a good job in popularizing and making use of new technology in the electronic industry. The situation of scientific research in the electronic industry is: many results in scientific research are not in complete sets and are not made use of; many new products have remained for a long time in the stage of samples and exhibits and are not produced in large quantities; much new technology has not been utilized in the production of civil products; and some technology introduced from abroad has not been properly digested and absorbed. We should quickly change this situation. The problem will be truly solved if results in scientific research are transferred from laboratories to factories and if products which are up to standard when produced in a small quantity in laboratories are also up to standard when produced in large quantities in factories.

In order to do a good job in transferring the results of scientific research, we must integrate scientific research with production and place scientific research on the first line of production. We should put an end to the current phenomenon of scientific research being divorced from production. We must break through ideological barriers and practice unification between departments and academies and between factories and institutes. This means gradually reforming the management structure in scientific research and production and bringing closer the relationship between scientific research and production. Scientific research units should do service work. Various kinds of applied studies should be linked up with production units. Besides setting up research institutes of different trades and professions, enterprises with necessary conditions can also set up research institutes and research groups. In production, design, processing, advisory work and so on, various kinds of economic contracts can be signed between scientific research units and production units, including economic contracts with remuneration based on production. In adopting the form of contracts for popularizing technology and providing technical service, limits between localities and departments should be broken through. Contracts can be signed with any unit that provides good service. On this basis, various forms of economic complexes or companies integrating scientific research, production, sales and services can be gradually set up. In the electronic industry, there are thousands of enterprises, over 1 million staff members and workers and scores of research institutes. Its technical capability is quite substantial. However, the capability of some technical personnel has not yet been given play to. We should arouse the enthusiasm of the existing scientific and technical personnel and at the same time we should strengthen education for staff members and workers and raise their technical level. In addition, we should compile different kinds of technical rules and technical standards and strengthen basic work in technical management. If we grasp firmly scientific research work at present, we shall gain the initiative in the future and promote the continuous development of the electronic industry on a new basis.

There are two ways for expanding reproduction. Marx said, "If the places of production are expanded, it is expansion by extension. If the efficiency of the means of production is raised, it is expansion by intension." Taking the road of merger by relying on technical reforms of existing enterprises is expanding reproduction by intension. We should take this economical and practical road in readjusting the

electronic industry. Now more and more people have agreed to take the road of merger but there is often resistance in putting it into actual practice. Where are the difficulties? They are nothing other than the question of who should be the center and other problems concerning economic interests after the merger. Undoubtedly, consideration should be given to the economic interests of each party in carrying out a merger. As to who should be the center, we must take the interests of the whole into account and decide what is most conducive to the development of production. We should not get bogged down in minor issues and contend with each other a larger share of the markets we must break through the restraint of "ownership by departments" and "ownership by localities." Merging should be steadily developed with upper levels pushing the work forward and lower levels accepting merger voluntarily. The China Nanjing Radio Company and the China Electronic Devices General Company are units which have taken one step first in practicing merger and reforming the economic management system in the electronic industry. We should sum up their experiences and popularize them in a planned way.

The sphere of service of the electronic industry is very extensive and it has a vast market. Its technology is developing rapidly, bringing about daily changes. It is an industry which has very bright prospects for development. We must try hard to readjust well the electronic industry. We must overcome all difficulties, make some breakthroughs, expedite development so as to speed up the four modernizations in our country.

CSO: 4006/331

INDUSTRY

BRIEFS

SHANDONG INDUSTRIAL CONFERENCE--The provincial industrial and communications work conference sponsored by the Shandong provincial people's government concluded 23 May. The conference called on industrial and communications departments across the province to attend to construction, readjustment and reformation and mobilize the masses to increase production and revenue, practice economy and reduce expenditures. It pointed out that continued efforts must be made to readjust the industrial structure, product mix and enterprise structure to effect a rational economic system and industrial and enterprise structure. In expanding industry, efforts should be focused on tapping potentials of existing enterprises instead of building new plants. Production of daily consumer goods and raw materials should be vigorously developed. Heavy industrial departments should readjust their product mix to produce more raw materials needed by light industry. The conference also called for fulfilling this year's power-generating task, conserving energy, improving transportation efficiency and increasing the variety of products. [SK251132 Jinan Shandong Provincial Service in Mandarin 2300 GMT 24 81]

HAINAN LIGHT, TEXTILE CONFERENCE--The Hainan administrative commissioner's office economic committee recently held a conference in Haikou on work of light and textile industry to study and make plans on speeding up the development of light and textile industries and promote consumer goods production. After analyzing the situation in the light and textile industries, the participants revealed that there is a faster development in the area of industrial crops, providing more raw materials to the light and textile industries. They said that the industrial readjustment in Hainan should put more stress on economic, organizational and product structures. The current light and textile industries in Hainan are mainly involved in the processing of agricultural and sideline products, but their products are not very competitive. It is therefore necessary to strengthen innovation in the existing enterprises, improve the quality of products, reduce costs and increase economic results. The departments of the party and government at all levels must effectively strengthen their leadership over industrial readjustment and the ideological and political work of the staff and workers. [HK141039 Haikou Hainan Island Service in Mandarin 0330 GMT 12 May 81]

CHENGDU INDUSTRY--In April 1981, the total value of industrial production in Chengdu increased by 1.8 percent over the March figure. The output of the light and textile industries, No 2 industry, electronic and meters departments increased by 8.83 percent over that of the corresponding period of last year. During the same period, of the 100 main products, 53 saw increases over the March levels. The people in the municipality also strived to reduce fuel consumption. In April, the municipal textile bureau, increased the output of chemical fiber by 5.84 percent over the March figure, despite a fuel shortage. [Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 12 May 81 HK]

SICHUAN MUNICIPALITY INDUSTRY--Compared with March 1981, the total value of industrial output in Chongqing Municipality in April increased by 2.7 percent. Early this year, some leading organs and cadres of the industry and communications departments in the municipality did not understand sufficiently the active significance of the principle of readjustment and failed to make complete arrangements for organizing production, thereby putting industrial production in a passive situation. Through summing up experiences and lessons and correcting ideology, the municipality has increased the value of the output of 79 products by 240 million yuan. [Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 12 May 81 HK]

GUANGZHOU INDUSTRIES PROFITS--According to the Guangzhou Municipal Revenue Department, the profits of municipal subordinate industrial enterprises in March and the first quarter of this year were 6.03 and 0.63 percent less than in March and the first quarter of last year respectively. The profits fell because the prices of products and the prices of raw materials and fuel increased, production was not geared to market needs and management was not good. Active measures must be taken to eliminate these factors which caused the profits to fall. [Guangzhou Guangdong Provincial Service in Mandarin 2300 GMT 7 May 81 HK]

SHANDONG METALLURGICAL INDUSTRY--Shandong Province's metallurgical industrial enterprises have scored achievements in vigorously producing steel products that are in short supply and urgently needed in agriculture and light and textile industries. In the first 4 months, the output of steel products in short supply increased 37.7 percent over the corresponding 1980 period. [SK210454 Jinan Shandong Provincial Service in Mandarin 2300 GMT 20 May 81]

SHANGHAI INDUSTRIAL READJUSTMENT FORUM--The Standing Committee of the Shanghai Municipal People's Congress sponsored a meeting on 18 May to hear opinions and suggestions by some members of the NPC Standing Committee and the Standing Committee of the municipal People's Congress about their inspection of Shanghai's industrial readjustment. In their reports, they maintained that, to increase production, workers' labor production and welfare must be further improved, policies must be formulated to protect new products, technical innovations and reformation must be intensified while tapping the production potentials of various enterprises, and readjustment processes must be accelerated. Attending the meeting were Hu Lijiao, chairman, and Zhou Gucheng, vice chairmen, of the Standing Committee of the municipal People's Congress; and Chen Jinhua and Pei Xianbai, vice mayors of Shanghai, and leading members of the departments concerned of the municipal government. [Shanghai City Service in Mandarin 1130 GMT 18 May 81 OW]

FUJIAN INDUSTRY-TRANSPORT MEETING--In his report on restructuring the industrial system made at the Fujian provincial conference on industry and transport on 15 May, Vice Governor of Fujian Wang Yan said that industrial and mining enterprises must also establish a system of responsibility in production like that in the rural areas to eliminate egalitarianism and arouse the workers production enthusiasm. He reported that, since last year, some unprofitable enterprises in Fuzhou and other localities have achieved some success in reversing their unprofitable situation, that some small enterprises in Fuzhou should be selected to experiment the method of holding themselves responsible for profits or losses and of paying tax instead of turning in profits, and that the war and electronics industries in Fujian have achieved good success in fulfilling the profit quotas fixed for them. [Fuzhou Fujian Provincial Service in Mandarin 1035 GMT 18 May 81 OW]

JIANGXI INDUSTRY, TRANSPORT CONFERENCE--The Jiangxi Provincial Industry and Transport Work Conference sponsored by the provincial CCP committee and People's Government opened on 19 May. On 21 May the conference, attended by more than 200 people, heard a report by Liang Kaixuan, vice governor and chairman of the provincial economic commission, on his seven-point method for implementing the guidelines of the national industry and transport conference, namely: improving economic results, producing more consumer goods, promoting industrial reorganization and economic integration, implementing responsibility systems, overhauling and raising standards of enterprises, learning Shanghai's advanced experience and strengthening political and ideological work in enterprises. Fu Yutian, secretary of the provincial CCP committee and vice governor, delivered a speech at the opening ceremony. Xu Qin, member of the provincial CCP committee Standing Committee and vice governor, presided over the 21 May session. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 21 May 81 OW]

SICHUAN INTEGRATED ECONOMIC ENTERPRISES--Chengdu, 18 May (XINHUA)--Sichua, the country's most populous province, has established 203 economic associations incorporating over 900 factories as part of an industrial reorganization effort. Motor cars, cameras, wrist watches and washing machines produced by these integrated enterprises are now available in many cities. The amalgamation of separate factories has resulted in substantial economies: state investments in 27 such integrated enterprises in Chongqing, Sichuan's biggest city, have been reduced by 50 million yuan, and 50,000 square meters of factory buildings saved. Incorporation reduced the number of factories producing electric fans in Chongqing from 41 to 7 by the first quarter of this year, but output of fans doubled. With small investment, one of the new economic units incorporating 74 factories spent less than a year organizing the production of "Jialing" brand motorcycles. It now has an annual production capacity of 50,000 motorcycles. It would have taken 3 years to build a new plant with this capacity and required 5 million yuan investment to produce the cylinders, cranks and connecting rods. [Text] [Beijing XINHUA in English 0734 GMT 18 May 81]

CSO: 4020/198

CONSTRUCTION

BRIEFS

JIANGSU CAPITAL CONSTRUCTION—Since the beginning of this year, Jiangsu Province has undergone marked changes in terms of capital construction scale and investment priorities. Total investments in capital construction projects are 80 percent less than 1980. More than 2,300 projects have been stopped or delayed. Investments are expected to decline by 1.14 billion yuan. The province has cut down investments in productive projects to 40 percent of the total capital construction investments, compared with 68 percent of 1980, whereas investments in nonproductive projects--mainly workers housing, cultural, educational and health facilities--have increased from 32 to 60 percent. [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 23 May 81 OW]

CSO: 4006/331

DOMESTIC TRADE

BRIEFS

JILIN COMMERCIAL CONFERENCE--The Jilin Provincial Industry-Commerce Administrative Department recently held a conference to discuss the market situation. The conference urged all localities not to impose restrictions on commodities which the state permits to be marketed. It urged efforts to support communes or commune members to sell their farm and sideline products and to manage well all livestock markets. The conference noted that banks should extend loans to help develop collective and individual enterprises. It pointed out that trade depots run by supply and marketing cooperatives should sell farm, sideline and native products mainly and that neighborhood enterprises or communes, after fulfilling their assigned quotas, may cooperate with supply and marketing cooperatives or establish sales departments to sell their extra products. All trade depots and sales departments, however, should obtain business licenses and be supervised by industry-commerce administrative departments. [SK190306 Changchun Jilin Provincial Service in Mandarin 1100 GMT 17 May 81]

CSO: 4006/322

FOREIGN TRADE

BRIEFS

BUSINESS DELEGATION IN FINLAND--Helsinki, 28 May (XINHUA)--The delegation of the China International Trust and Investment Cooperation headed by its board chairman and general manager Rong Yiren left here for Norway today after paying a 2-day visit to Finland at the invitation of the Finnish bank, the Kansallis-Osake-Pankki. The delegation had business discussions with Finnish industrial, commercial and banking circles, signed an agreement of cooperation between the China International Trust and Investment Cooperation and the Kansallis-Osake-Pankki of Finland, and visited industrial enterprises. It was also received by Finnish Foreign Minister Paavo Vayrynen and Minister of Foreign Trade Eero Rekola. [Text] [Beijing XINHUA in English 0240 GMT 28 May 81 OW]

SHANGHAI ECONOMIC MANAGEMENT INSTITUTE--Shanghai, 24 May (XINHUA)--The Shanghai International Economic Management Institute to train personnel specializing in international economic affairs has been established here. Yao Nai, president of the Chinese Finance Society and president of the Shanghai College of Finance and Economics, was appointed president of the new institute. The institute will carry out academic exchanges and cooperation with foreign economic organizations in the field of finance education and scientific research. It will also set up a financial workers training center and a finance science research consulting center. [OW251245 Beijing XINHUA in English 0239 GMT 24 May 81]

TRADE DELEGATION TO JAPAN--A Wuxi municipal trade delegation headed by (Chen Longhua), director of the Wuxi Municipal Urban Construction Bureau, left for Japan on 15 May. The main purposes of this delegation are to investigate urban construction, urban administration construction projects, building materials industry and environmental protection in Japan and to visit Kobe, Kyoto, Osaka, Nara and other cities to promote the friendly relations between the Chinese and Japanese people. [Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 15 May 81 OW]

JAPANESE TEXTILES IN BEIJING--Beijing, 18 May (XINHUA)--A 5-day exhibition of textiles hand-woven by Japanese women weavers opened at the Beijing exhibition center today. The exhibits include kimonos, costumes, table cloth and other items, some of which incorporate designs by the noted Japanese woodcut artist, Hiroshige Ando. A delegation of 20 Japanese women, led by 85-year-old Mrs Mitsuno Ueda, president of the Japan Association of Women Weavers ("Orihime"), attended the opening ceremony. Mrs Ueda, who has some of her work on show at the center, opened the exhibition with Lin Lin, vice president of the Chinese People's Association for Friendship with Foreign Countries. Later she demonstrated weaving on a small loom which she invented. The exhibition is sponsored by the Chinese People's Association for Friendship with Foreign Countries and the Exhibition Corporation of China. [Text] [Beijing XINHUA in English 1230 GMT 18 May 81 OW]

XINJIANG RUG EXPORTS TO EUROPE--Since the beginning of this year, the department concerned in Xinjiang has signed contracts with firms in the United Kingdom, Belgium, Sweden and six other countries for the export of rugs with a total quantity of 130,000 square meters. The total amount of sales in the first quarter reached \$1.76 million, accounting for about half of this year's planned total export of rugs. At present, many foreign firms are asking for samples of rugs made in Xinjiang. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 7 May 81 OW]

STEEL MILL FOR NIGERIA--The Wuhan Iron and Steel Company, Hubei, has sold a whole set of steel mill equipment to the (Asaba) Iron and Steel Company of Nigeria. The set includes an electric furnace with an annual capacity of 50,000 dun of steel, a set of rolling equipment and an accessory air compressure workshop, an oxygen-making workshop, a small repair plant and a transformer plant. They have all been loaded aboard vessels for shipment. The Wuhan company will also provide the Nigerian company with necessary experts, engineers and technicians. [OW101455 Beijing Domestic Service in Mandarin 0400 GMT 9 May 81]

EXPORT COMMODITIES FAIR--Guangzhou, 15 May (XINHUA)--The 1981 Spring Fair of Export Commodities of China ended on 15 May at the Guangzhou Foreign Trade Center. Traders from 102 countries and regions came to the fair for trade negotiations and the volume of transactions concluded exceeded that of last year's spring fair. Livestock products and cereals, oils and foodstuffs were among the largest transactions at the fair. [Beijing XINHUA Domestic Service in Chinese 1422 GMT 15 May 81 OW]

CSO: 4006/322

LABOR AND WAGES

BRIEFS

GUANGDONG MUNICIPALITY EMPLOYMENT--In the past 3 years, 30,000 unemployed found jobs in Chaoshou Municipality. Most enterprises in the municipality are now saturated with manpower. However, because of readjustment, those who sought jobs in the past year found it difficult to get jobs. The municipal people's government has organized the personnel concerned to deeply investigate and study and try hard to find a solution. The population of the municipality is 120,000. Services and tourism can offer more jobs. [HK071240 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 30 Apr 81]

SHANGHAI JOB PLACEMENT--Shanghai, 19 May (XINHUA)--Over the past 2 years collectively owned commercial service units, which have been actively developing in Shanghai, have provided jobs for over 20,000 jobless youth. Two years ago the number of state-run commercial service units in urban Shanghai was some 300 more than that of collectively-owned commercial service units; now the number of collectively-owned commercial service units exceeds that of state-owned units by more than 1,000. These commercial service units include restaurants, child-care centers, repair shops, hotels and food catering units. [Beijing XINHUA Domestic Service in Chinese 0045 GMT 19 May 81 OW]

SRI LANKA VISITORS IN HAINAN--Accompanied by (Zhang Zhibin), responsible person of No 1 bureau of the international liaison department of the CCP Central Committee, the Sri Lankan Laboring People's Party secretary general, Sri Lanka Worker Trade Union vice chairman and company flew to Haikou on 3 May to visit Hainan region at the invitation of the Peasant Trade Union of the All-China Federation of Trade Unions. Hainan Regional CCP Committee Standing Committee members hosted the visitors on behalf of the regional party committee. The visitors flew to Guangzhou on 7 May. [HK141039 Haikou Hainan Island Service in Mandarin 0330 GMT 8 May 81]

CSO: 4006/331

TRANSPORTATION

BRIEFS

AIR CARGO—Beijing, 16 May (XINHUA)—A Beijing air cargo center, the first of its kind in China, has been set up to meet the growing demands of air-cargo traffic. About 70 to 80 percent of China's imported air cargo lands in Beijing. The new center is jointly managed by the head office of the China National Foreign Trade Transportation Corporation and its Beijing branch. "We set up the center to convenience Chinese and foreign members," said Sun Qiwen, its deputy manager. The center will handle any air-cargo moving jobs from both Chinese and foreign customers. The center has already established relations with Britain, the United States, West Germany, the Netherlands, Denmark and Sweden, and Hong Kong, and has handled some air-cargo business for foreign customers and Chinese provinces. China's air-cargo business used to be handled by the General Administration of Civil Aviation of China and some departments under the China National Foreign Trade Transportation Corporation. However, the business has developed rapidly in recent years, with the amount of imported and exported air cargo reaching 9,457 tons last year, 47 percent more than in 1979. [Text] [Beijing XINHUA in English 0753 GMT 16 May 81 OW]

JIANGSU LIANYUNGANG PORT CAPACITY—In the first half of May 1981, the Lianyungang port handled 10,412 dun of cargo daily, limiting the number of vessels waiting for unloading to under four and fundamentally improving the congested situation in the port. [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 22 May 81 OW]

NATIONAL RAILWAY CONFERENCE—According to RENMIN TIEDAO BAO [People's Railway Journal], the leading party group of the Ministry of Railways called a telephone conference for all railway sections on 12 May to convey the essence of the many important remarks made by the leading comrades of the State Council while conducting investigations and solving problems of harbors and railway stations throughout the country. The conference called on cadres and workers of all railway sections to brace themselves, strengthen leadership, strictly abide by the discipline, improve their management, internal unity and coordination and general service attitude, work hard and effectively to improve railway work in all fields, and strive to increase production and revenue to make a greater contribution to readjustment of the national economy. [Beijing Domestic Service in Mandarin 2230 GMT 13 May 81 OW]

CSO: 4006/331

GENERAL

BRIEFS

SICHUAN COMMERCE, CATERING--There have been new developments in commercial and catering services in Sichuan. According to statistics in 1980, there were 240,000 such state and collective business units, an increase of 22.6 percent over 1979. The number of people working in these units during the same period also increased by 6 percent over 1979. Development of collective and individual business units was faster than that of the state business units. There were also 1,700 sales departments of the industrial, commune-run and joint agricultural-industrial-commercial enterprises, an increase of 2.2 times over 1979. There have also been more developments in the trade fairs. In 1980, there were 5,426 trade fair units in the countryside throughout the province, an increase of 465 over 1979. Some 193 markets for selling agricultural and sideline products were added to the large and medium-sized cities, an increase of 163 over 1979. However, there are still shortcomings in the supply of these goods and the growth of the population and the people's purchasing power. [Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 12 May 81 HK]

SICHUAN ENTERPRISES FORUM--From 5 to 13 April, the Sichuan Provincial Bureau of Commune and Brigade Enterprises held a forum of prefectural, municipal and autonomous prefectural directors of commune and brigade enterprise bureaus to seriously study the important instructions of the party Central Committee and State Council of the importance of commune and brigade enterprise work. The participants discussed the situation of the commune and brigade enterprises in the province in the period of readjustment, management of commune and brigade enterprises in 1981 and further doing a good job of industry and communications and finance. They also talked about the achievements in commune and brigade enterprises scored since the 3d plenary session of the 11th CCP Central Committee and seriously analyzed the existing problems. The commune and brigade enterprise ranks must shift the focus of their work from setting up enterprises to grasping the management of the existing enterprises, be concerned for the state, collective and individual, properly readjust the relations between accumulation and distribution and grasp planting, animal husbandry, processing of agricultural and sideline products, energy resources and raw materials supply this year. Yang Rudai, secretary of the provincial CCP Committee and provincial vice governor, spoke twice. [Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 2 May 81 HK]

GUIZHOU COMMERCE CONFERENCE--The 12-day Guizhou conference of commercial bureau directors ended on 4 May. The participants pledged to take Comrade Chen Yun's economic ideology as the guide, eradicate the erroneous leftist thinking and overcome fear of difficulties. They pointed out that in supporting the local industry, it is

necessary to firmly grasp signing of production and marketing contracts and sales of industrial products in the countryside. The commercial departments must serve social production and the masses' daily life, adopt measures to further support production, actively make purchases, recover currency from circulation, enliven the urban and rural markets and continuously make new contributions. [Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 4 May 81 HK]

BEIJING SPECIAL DISTRICTS—Beijing, 13 May (XINHUA)--The Beijing Municipal People's Government has decided to set up Badaling [0360 6671 1545] and Shisanling [0577 0005 7117] special districts [te bie qu 3676 0446 0575] to promote tourism in these two areas. The Badaling special district office will be under the jurisdiction of the Yanqing County People's Government and the Shisanling special district office under the Changping County People's Government. The main tasks of these two special district offices will be to safeguard cultural relics, administer matters related to tourism and provide better service to tourists. The municipal people's government will assign a vice mayor to supervise the work of these two special districts. [OW131049 Beijing XINHUA Domestic Service in Chinese 0145 GMT 13 May 81]

CSO: 4006/331

FOREIGN TRADE

GUANGDONG PROCEDURES FOR FOREIGN ENTERPRISES

HK200952 Hong Kong WEN WEI PO in Chinese 12 May 81 p 3

[Reprinted from undated NANFANG RIBAO: "Guangdong Provincial People's Government's Provisional Procedures for the Registration and Administration of Permanent Representative Organs in Guangdong by Foreign Enterprises and Enterprises Run by Overseas Chinese and Hong Kong and Macao"]

[Text] Article One. These procedures are specially worked out in accordance with the spirit of the "Provisional Regulations of the State Council of the PRC for the Administration of Permanent Representative Organs of Foreign Enterprises" and suited to the actual conditions of our province, and for the purpose of creating favorable conditions for developing international economic and trade contacts, expanding external economic cooperation and technological exchanges by our province and strengthening the administration of permanent representative organs of foreign enterprises and enterprises run by Overseas Chinese and Hong Kong and Macao.

Article Two. A foreign enterprise or an enterprise run by Overseas Chinese and Hong Kong and Macao which due to the needs of its business desires to establish a permanent representative organ in Guangdong shall apply to the departments concerned responsible for such work under the Government of the PRC or the Guangdong Provincial External Economic Commissions, and after receiving the approval of the departments concerned responsible for such work under the Government of the PRC or the Guangdong Provincial People's Government, the enterprise shall go through the registration procedure. An unregistered enterprise shall not be permitted to establish a permanent representative organ or start business activities.

Article Three. In applying for registration of a permanent representative organ in Guangdong, a foreign enterprise or an enterprise run by Overseas Chinese and Hong Kong and Macao should produce the following documents:

1. The written application signed by chairman of the board of directors or the general manager containing the name of the permanent representative organ, responsible persons, the scope of its business, specified time limits and place.
2. The industrial business registration certificate or other pertinent documents for opening a business issued by the departments concerned by the government of the country (or region) in which the enterprise is headquartered.

Imported vehicles should be registered with the local public security organs for license tags and driving licenses, and pay the prescribed taxes and license tag fee.

The above-mentioned reported commodities are not permitted to be transferred or sold and when they are to be transferred or sold for any reason, they should be reported to customs beforehand for approval. Imported articles are required to be sold to the appointed shops.

Article Nine. A permanent representative organ wishing to rent houses (buildings), business telephone lines and communications apparatus shall, by producing its registration certificate, apply for rental to the local department responsible for such work.

Article Ten. A permanent representative organ wishing to employ local people shall, by producing the registration certificate issued by the provincial administrative bureau for industry and commerce, apply to the Labor Bureau (Labor Service Corporation) in the locality where it is located and the municipal and county labor bureaus (labor service corporations) should make arrangements according to the regulations for recruiting casual laborers. (The provincial labor department will formulate separate detailed rules in accordance with the "State Council's Regulations on Labor Management" in a joint venture using Chinese and foreign investment.) If it has employed local people before the promulgation of these procedures, it must make a supplementary registration of employment.

Article Eleven. The personnel and their families of a permanent representative organ should abide by the laws, decrees and pertinent rules and regulations of China and their rightful business activities should be protected and every consideration given.

Article Twelve. A permanent representative organ is expected to subject itself to the supervision and inspection of the administrative bureaus for industry and commerce at all levels under the Chinese Government and the various departments concerned responsible for such work, conduct its business activities according to the specified limits and observe these procedures and administrative regulations of the departments concerned responsible for such work. In case of violations of these procedures, the violator shall be given a warning, or fined, or deprived of his registration certificate or be punished according to the laws of the PRC.

Article Thirteen. "The Registration Certificate for the Permanent Representative Organs of Foreign Enterprises" shall be valid for 1 year. Before its expiration date, an application for the exchange of registration certificate must be made again.

Article Fourteen. A permanent representative organ upon the expiration date or desirous of terminating the business activities before its expiration date, shall, within 30 days before the termination of business activities, forward a written report to the organ from which it got the approval, and after clearing all debts, taxes and other matters, shall register for the nullification of registration and hand in the registration certificate to the organ issuing it. The foreign enterprise or the enterprise run by Overseas Chinese and Hong Kong and Macao which sets up the permanent representative organ shall continue to be held responsible for the unfinished business of its organ.

Article Fifteen. A permanent representative organ already approved shall, within 30 days after the promulgation of these procedures and upon the production of the documents of approval, register for a supplementary registration with the Guangdong Provincial Administrative Bureau for Industry and Commerce. The permanent organs which have not had the approval of the departments concerned responsible for such work under the Government of the PRC or the Guangdong Provincial People's Government should register a supplementary registration without exception in accordance with the above-listed procedures.

Article Sixteen. The unfinished matters related to these procedures should be handled in accordance with the laws, decrees and rules and regulations of China.

Article Seventeen. These procedures are suitable to the establishment of permanent representatives of foreign enterprises or enterprises run by Overseas Chinese and Hong Kong and Macao in the light of the establishment of permanent representative organs.

Article Eighteen. These procedures shall come into force upon the date of its promulgation.

CSO: 4006/331

FOREIGN TRADE

HONG KONG PAPER REPORTS ON OPENING UP OF HAINAN

HK210758 Hong Kong TA KUNG PAO in Chinese 21 May 81 p 1

[Reported: Hainan Institutes Policy of Opening up to the Outside World"]

[Text] Guangzhou, 20 May (ZHONGGUO XINWENSHE)--Yu Xinli, deputy director of the Hainan regional commissioner's office in Guangdong Province, recently told ZHONGGUO XINWENSHE in an interview that since the State Council decided last year to speed up the development of Hainan, the Guangdong Provincial People's Government has clearly instructed that Hainan can follow the method of the Shenzhen and Zhuhai special zones in its external economic dealings, and institute relaxed economic policies.

Yu Xinli said, the provincial government again clearly stipulated in the provincial conference on economic dealings with foreign countries held in March this year that Hainan can follow the methods of the Shenzhen and Zhuhai special zones with regard to "preferential treatment in importing materials and exporting commodities" and "simplifying entry and exit procedures." Hainan can make direct transactions with foreign traders for the export of the commodities it produces; and Hainan also has a certain degree of jurisdiction with regard to imports, the processing and assembly of imported raw materials for foreign customers, medium and small-scale compensation trade, joint ventures (or production), foreign trade loans and so on. These measures are externally beneficial for developing Hainan's economic cooperation with foreign countries.

Yu Xinli said, Hainan enjoys a temperate climate with plenty of sunshine, which is suited to the development of tropical crops; the coastline extends for over 1,400 kilometers, aquatic products can be cultivated in over 200,000 mu of bays, ports, and shoreline, and there are also abundant marine fishing resources; there are over 50 types of metal and non-metal minerals, with quite abundant reserves which can be exploited for a long time to come; Hainan is warm all year around, the scenery is beautiful and there are many tourist sites; we welcome foreigners to cooperate in mining, tropical crop cultivation, marine cultivation and fisheries, or in tourism, the processing of imported materials for foreign customers and so on.

According to our information, since last autumn several score groups from America, Western Europe, Southeast Asia and so on have carried out inspections in Hainan. They have held extensive talks on economic and technical cooperation and signed a number of economic agreements and contracts.

Yu Xinli said, at present Hainan's communications are not as convenient as those of Shenzhen and Zhuhai, which border Hong Kong and Macao, and it is precisely for this reason that Hainan's policies on external economic dealings will become still more relaxed and favorable.

According to another report, a group composed of experts in ecology, geography, botany, tropical crops, forestry and other relevant sectors will carry out a comprehensive inspection of Hainan. An advance party headed by Lin Bomin, secretary of the secretariat of the Chinese Science and Technology Association, arrived in Guangzhou last week and is about to leave for Hainan.

This inspection will be carried out in the autumn. It is expected to provide authoritative materials for a seminar on construction and ecological balance in Hainan scheduled for next spring. The seminar will study Hainan's exploitation and construction, and put forward a set of proposals for this work based on all-round, economic and ecological views.

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